SPECIFICATION

Replace paragraph [0011] with the following replacement paragraph [0011].

—[0011]   In FIG. 2, a compressed video bitstream 205 is provided as input to an extract packet payload module 210. The extract packet payload module 210 removes system layer packet information of the bitstream and produces an elementary stream. The elementary stream is then provided as input to a variable length decode module 215. The variable length decode module 215 decodes the elementary stream to provide motion vectors 217 and to provide data to an inverse quantization module 220. The data then flows from the inverse quantization module 220 to the inverse discrete cosine transform module 225. The output of the inverse discrete cosine transform module 225 is provided as input to the motion compensation module 230. The motion compensation module 230 also receives the motion vectors 217 as input. A frame buffer 235 is optionally coupled to the motion compensation module 230. The frame buffer 235 can be used to present or to display the data for compensating for motion error as a result of reusing the motion vectors 217. The motion compensation module 230 provides output data to a an inverse discrete cosine transform module 240.—

Replace paragraph [0012] with the following replacement paragraph [0012].

—[0012]   From the inverse discrete cosine transform module 240, the data flows to the quantization module 245. The quantization module 245 applies a quantization scale factor that correlates with the target (transrated) bit rate. A variable length code encoder 250 receives the output from the quantization module 245. The variable length code encoder 250 provides data to a packetizer 255, which adds MPEG-2 packet structure to the data. The packetizer 255 produces as output the transrated video bitstream 260.—